

**Internal Revenue Service**

District  
Director

**Department of the Treasury**

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

Date: **SEP 19 1986**

Person to Contact:

Contact Telephone Number:

Refer Reply to:

**CERTIFIED MAIL**

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(7) of the Internal Revenue Code.

The evidence presented indicates that you were formed as an unincorporated association in

The purposes for which you were formed, according to your constitution, are strictly social purposes.

Form 1024 indicates that your activities will consist of engaging in "social activities such as eating in various restaurants, going out of town for weekends, having parties, etc." A typed addendum to the application indicates that you have no formal membership application, access to membership is as follows, "anybody who wants to join just has to express a verbal request and attend meetings." Schedule D of Form 1024 regarding non member participation in activities states that, "non members will be permitted to join activities of our group and will pay their own expenses."

Section 501(c)(7) of the Code provides exemption to clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues, and assessments. However, a club otherwise entitled to exemption will not be disqualified because it raises revenue from members through the use of club facilities or in connection with club activities.

Section 1.501(c)(7)-1(b) of the Income Tax Regulations states that a club which engages in business activities such as making its social and recreational facilities available to the general public is not organized and operated exclusively for pleasure, recreation and other non profitable purposes.

In the instant case, you indicate you have no formalized membership application or application procedure. The membership requirements are not stated in your constitution and the procedure indicated in the attachment to Form 1024 is extremely vague and unstructured. This circumstance, when coupled with the response to schedule D of Form 1024 indicates that your activities are open to the general public to the extent that your organization cannot possess an identity of purpose which would characterize it as a club.

On the basis of the evidence presented, we hold that you are organized and operated primarily for the purpose of engaging in business and that you do not qualify for exemption under Section 501(c)(7) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(7) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,



District Director

Enclosure: Publication 892